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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Central Valley Project, California

INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES
AND
SAN JUAN WATER DISTRICT
PROVIDING FOR PROJECT WATER SERVICE

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1 UNITED STATES
2 DEPARTMENT OF THE INTERIOR
3 BUREAU OF RECLAMATION
4 Central Valley Project, California

5 INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES
6 AND
7 SAN JUAN WATER DISTRICT
8 PROVIDING FOR PROJECT WATER SERVICE

9 THIS CONTRACT, made this 28th day of February in pursuance generally
10 of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or supplementary thereto,
11 including, but not limited to, the acts of August 26, 1937 (50 Stat. 844), as amended and
12 supplemented; August 4, 1939 (53 Stat. 1187), as amended and supplemented; July 2, 1956 (70
13 Stat. 483); June 21, 1963 (77 Stat. 68); October 12, 1982 (96 Stat. 1261), as amended; and Title
14 XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all collectively hereinafter referred to as
15 the Federal Reclamation law, between THE UNITED STATES OF AMERICA, hereinafter
16 referred to as the United States, and SAN JUAN WATER DISTRICT, hereinafter referred to as
17 the Contractor, a public agency of the State of California, duly organized, existing, and acting
18 pursuant to the laws thereof, with its principal place of business in Granite Bay, California;

19 WITNESSETH, That:

20 EXPLANATORY RECITALS

21 WHEREAS, the United States has constructed and is operating the Central Valley
22 Project, California, for diversion, storage, carriage, and distribution of waters of the Sacramento,
23 American, Trinity, and San Joaquin Rivers for distribution and beneficial use, for flood control,
24 irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection and

1 restoration, generation and distribution of electric energy, salinity control, navigation and other
2 beneficial uses, of waters of the Sacramento River, the American River, the Trinity River, and
3 the San Joaquin River and their tributaries; and

4 WHEREAS, the Contractor and the United States entered into Contract
5 No. 14-06-200-152A, dated April 19, 1962, as amended April 21, 1992, which provided the
6 Contractor, Central Valley Project water from Folsom Lake from June 19, 1962, through
7 February 28, 1995, when said contract

8 WHEREAS, the Contractor and the United States entered into interim renewal
9 contract(s) identified as Contract No(s). 14-06-200-152A-IR1, 14-06-200-152A-IR2, 14-
10 06-200-152A-IR3, and 14-06-200-152-IR4, the latter of which is hereinafter referred to as the
11 Existing Interim Renewal Contract, which provided for the continued Project Water service to
12 the Contractor from March 1, 2000, through February 28, 2001; and

13 WHEREAS, the Contractor has requested a subsequent contract pursuant to the
14 Existing Interim Renewal Contract, Federal Reclamation law, and the laws of the State of
15 California, for water service from the Central Valley Project; and

16 WHEREAS, the United States and the Contractor believe that either further
17 negotiations on a long-term renewal contract for the Contractor would be beneficial and mutually
18 commit to continue to negotiate to seek to reach agreement or the Contractor's proposed long-
19 term renewal contract's required environmental review necessary to execute a long-term renewal
20 contract has not been completed, and the Contractor has requested a subsequent interim renewal
21 contract pursuant to Article 2 (b)(1) of the existing Interim Renewal Contract; and

1 WHEREAS, the United States has determined that the Contractor has to date
2 fulfilled all of its obligations under the Existing Interim Renewal Contract; and

3 WHEREAS, the Contracting Officer has determined that the Contractor has the
4 capability to fully utilize for reasonable and beneficial use, or shown projected future reasonable
5 and beneficial use for, the quantity of Project Water to be made available to it pursuant to this
6 interim renewal contract; and

7 WHEREAS, rights of renewal of Contract No. 14-06-200-152A and to convert
8 said contract to a repayment contract as provided by subsection (d), Section 9 of the Act of
9 August 4, 1939 (53 Stat. 1187), are set forth in said contract; and

10 WHEREAS, Section 3404 of the CVPIA, precludes long-term renewal of water
11 service contracts until the completion of appropriate environmental documentation, including a
12 programmatic environmental impact statement ("PEIS") pursuant to the National Environmental
13 Policy Act analyzing the direct and indirect impacts and benefits of implementing the CVPIA
14 and the potential renewal of all existing contracts for Project Water; and

15 WHEREAS, in order to continue water service provided under Project water
16 service contracts that expire prior to the completion of the PEIS, the United States intends to
17 execute interim renewal contracts for a period not to exceed three (3) Years in length, and for
18 successive interim periods of not more than two (2) Years in length, until appropriate
19 environmental documentation, including the PEIS, is finally completed, at which time the
20 Secretary shall, pursuant to Federal Reclamation law, upon request of the Contractor, enter into a
21 long-term renewal contract for a period of twenty-five (25) Years; and may thereafter renew such

1 long-term renewal contracts for successive periods not to exceed twenty-five (25) Years each;
2 and

3 WHEREAS, the Secretary intends to assure uninterrupted water service and
4 continuity of contract through the process set forth in Article 2 hereof; and

5 WHEREAS, the United States is willing to renew the Existing Interim Renewal
6 Contract pursuant to Section 3404(c)(1) of the CVPIA on the terms and conditions set forth
7 below; and

8 WHEREAS, the Contractor succeeded to the rights of the North Fork Ditch
9 Company as set forth in Contract No. DA-04-167-eng-610, dated April 12, 1954, between the
10 United States and the Company, which contract is separate and apart from Contract
11 No. 14-06-200-152A, as amended, and remains in full force and effect by its own terms; and

12 WHEREAS, Contract No. DA-04-167-eng-610 provides, among other things, for
13 the delivery to the Contractor by the United States of not to exceed 33,000 acre feet of water each
14 Calendar Year, referred to as the Contractor's water rights water; and

15 WHEREAS, both Contract No. 14-06-200-152A, as amended, and Contract
16 No. DA-04-167-eng-610 provide that Project Water and the Contractor's water rights water,
17 respectively, be delivered to Hinkle Reservoir; and

18 WHEREAS, the Contractor now requires that the water provided pursuant to said
19 contracts be delivered to a higher elevation at its Sidney N. Peterson Water Treatment Plant
20 (hereinafter referred to as the Contractor's water treatment plant); and

21 WHEREAS, in San Juan Suburban Water District v. United States, Civ.

No. S-83-1621-LKK (E.D. Cal.), the District Court ruled that the United States was not obligated to deliver Project Water or the Contractor's water rights water to the higher elevation at the Contractor's water treatment plant; and

WHEREAS, the United States is willing to deliver both Project Water and the Contractor's water rights water to the Contractor's water treatment plant subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual and dependent covenants herein contained, it is hereby mutually agreed by the parties hereto as follows:

DEFINITIONS

1. When used herein unless otherwise distinctly expressed, or manifestly incompatible with the intent hereof, the term:

(a) "Calendar Year" shall mean the period January 1 through December 31, both dates inclusive;

(b) "Charges" shall mean the payments in addition to the Rates determined annually by the Contracting Officer, required by the Federal Reclamation law, including Section 3407 of the CVPIA;

(c) "Contractor's Service Area" shall mean the area to which the Contractor is permitted to provide Project Water under this interim renewal contract as identified in Exhibit B, which service area and exhibit may be revised without amending this contract if such revisions are acceptable to the Contracting Officer;

(d) "CVPIA" shall mean the Central Valley Project Improvement

1 Act, Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706);

2 (e) "Delivered Water" shall mean Project Water made available to
3 the Contractor and diverted at the point(s) of delivery approved by the Contracting
4 Officer;

5 (f) "Eligible Lands" shall mean all lands to which Irrigation Water may be
6 delivered in accordance with Section 204 of the Reclamation Reform Act of October 12,
7 1982 (96 Stat. 1263), as amended, hereinafter referred to as RRA;

8 (g) "Excess Lands" shall mean all lands defined as excess in
9 Section 204 of the RRA, other than those lands exempt from acreage limitation under
10 Federal Reclamation law;

11 (h) "Full Cost Rate" shall mean that water rate described in Sections 205(a)(3)
12 or 202(3) of the RRA, whichever is applicable;

13 (i) "Ineligible Lands" shall mean all lands to which Irrigation Water may not
14 be delivered in accordance with Section 204 of the RRA;

15 (j) "Irrigation Water" shall mean Project Water which is used primarily in the
16 production of agricultural crops or livestock, including domestic use incidental thereto,
17 and watering of livestock;

18 (k) "Landholder" shall mean an individual or entity attributed with the total
19 irrigable acreage of one or more tracts of land situated in one or more districts owned
20 and/or operated under a lease which is served with Irrigation Water pursuant to a contract
21 with the United States;

1 (l) "M&I Water" shall mean water made available from the Project other than
2 Irrigation Water. M&I Water shall include water used for purposes such as the watering
3 of landscaping or pasture for animals (e.g., horses) which are kept for personal enjoyment
4 or water delivered to landholdings operated in units of less than 10 acres unless the
5 Contractor establishes to the satisfaction of the Contracting Officer that the use of water
6 delivered to any such landholding is a use described in subdivision (j) of this Article;

7 (m) "O&M" shall mean normal and reasonable care, control, operation, repair,
8 replacement, and maintenance of Project facilities;

9 (n) "Operating Non-Federal Entity" shall mean a Non-Federal entity which
10 has the obligation to operate and maintain that all or a portion of the American River
11 Division facilities utilized for delivery of Project Water to the Contractor pursuant to an
12 agreement with the United States;

13 (o) "Project" shall mean the Central Valley Project owned by the
14 United States and operated by the Department of the Interior, Bureau of Reclamation;

15 (p) "Project Water" shall mean all water that is developed, diverted, stored, or
16 delivered by the United States in accordance with the statutes authorizing the Project and
17 in accordance with the terms and conditions of applicable water rights permits and
18 licenses acquired by and/or issued to the United States pursuant to California law;

19 (q) "Rates" shall mean the payments determined annually by the Contracting
20 Officer in accordance with the then current applicable water ratesetting policies for the
21 Project;

(r) "Secretary" or "Contracting Officer" shall mean the Secretary of the United States Department of the Interior or his duly authorized representative;

(s) "Year" shall mean the period from and including March 1 of each Calendar Year through the last day of February of the following Calendar Year;

TERM OF CONTRACT - RIGHT TO USE OF WATER

2. (a) This interim renewal contract shall be effective from March 1, 2001, and shall remain in effect through February 28, 2002, and thereafter will be renewed as described in this Article. Except as provided in subdivision (b) of this Article, until completion of all appropriate environmental review, and provided that the Contractor has complied with all the terms and conditions of the interim renewal contract in effect for the period immediately preceding the requested successive interim renewal contract, this interim renewal contract will be renewed, upon request of the Contractor, for successive interim periods each of which shall be no more than two (2) Years in length. Also, except as provided in subdivision (b) of this Article, in order to promote orderly and cost effective contract administration, the terms and conditions in subsequent interim renewal contracts shall be identical to the terms and conditions in the interim renewal contract immediately preceding the subsequent interim renewal contract: Provided, however, That each party preserves the right to propose modification(s) in any interim renewal contract other than those described in subdivision (b) of this Article, in which case the parties shall negotiate in good faith appropriate modification(s) to be included in any successive interim renewal contracts. Said modification(s) of each successive interim renewal contract shall be agreed upon within a reasonable time prior to the expiration of the then existing interim renewal contract. Nothing in this Article shall in any way alter the obligation that, upon final completion

1 of the PEIS and any necessary supplemental environmental documentation, the Secretary shall,
2 pursuant to Federal Reclamation law, upon request of the Contractor, enter into a long-term
3 renewal contract for a period of twenty-five (25) Years and may thereafter renew such long-term
4 renewal contracts for successive periods not to exceed twenty-five (25) Years each. The
5 Contractor asserts that Contract No. 14-06-200-152A and existing law go beyond the preceding
6 sentence to give it enforceable rights to successive long-term renewal contracts. The Contracting
7 Officer disagrees with that assertion. The parties agree that this interim renewal contract
8 preserves the rights and positions of the parties and that the omission of language in this interim
9 renewal contract setting out the rights asserted by the Contractor to successive renewals is not
10 intended to be, nor shall it be interpreted as, a waiver of any such rights to the extent any such
11 rights are later determined to exist by a court of competent jurisdiction or by mutual agreement of
12 the parties. If a court of competent jurisdiction or the parties by mutual agreement determine that
13 incorporation of such language in this interim renewal contract is necessary to preserve such
14 rights, this interim renewal contract shall be construed as incorporating such language as though
15 fully set forth herein as of the effective date hereof.

16 (b) The parties anticipate that they will engage in good faith negotiations
17 intended to permit the execution of a twenty-five (25) Year long-term renewal contract
18 contemplated by Section 3404 (c) of the CVPIA, hereinafter referred to as a “long-term renewal
19 contract”, by the end of the term hereof. The parties recognize the possibility that this schedule
20 may not be met. Accordingly:

1 (1) In the event (i) the Contractor and Contracting Officer have
2 reached agreement on the terms of the Contractor's long-term renewal contract or (ii) the
3 Contractor and Contracting Officer have not completed the negotiations on the Contractor's
4 long-term renewal contract, believe that further negotiations on that contract would be beneficial,
5 and mutually commit to continue to negotiate to seek to reach agreement, but (iii) all
6 environmental documentation required to allow execution of the Contractor's long-term renewal
7 contract by both parties has not been completed in time to allow execution of the Contractor's
8 long-term renewal contract by November 30, 2001, then (iv) the parties will expeditiously
9 complete the environmental documentation required of each of them in order to execute the
10 Contractor's long-term renewal contract at the earliest practicable date. In addition, the
11 Contractor's then current interim renewal contract will be renewed without change upon the
12 request of either party through the agreed-upon effective date of the Contractor's long-term
13 renewal contract or, in the absence of agreement on the terms of the Contractor's long-term
14 renewal contract, through the next succeeding February 28.

15 (2) Provided that this interim renewal contract is not subject to
16 renewal under the terms described in subdivision (2) or (3) of this Article, if after June 1, 2000, a
17 party determines that the parties have reached an impasse which they have been unable to resolve
18 and which precludes agreement on the long-term renewal contract, that party may notify the other
19 that it has concluded that there is no reasonable likelihood of reaching agreement on the terms of
20 a long-term renewal contract. In the event of such notice, the parties will immediately agree to a
21 schedule and process for negotiating the terms (other than any terms that would impair continuity

1 of water supply or continuity of contract) of and executing an interim renewal contract which will
2 be in effect from March 1, 2000, to February 28, 2002; provided that neither party will propose
3 for inclusion in the interim renewal contract any provision not previously included in an existing
4 interim renewal contract which it had previously proposed for inclusion in the long-term renewal
5 contract and which was the subject of an impasse in the long-term renewal contract negotiations.
6 The schedule will provide for completion of the negotiations of the terms of that contract
7 February 1, 2002, and for execution of the contract on or about February 15, 2002. The parties
8 each acknowledge the right of either party to seek judicial relief in connection with any impasse
9 reached in connection with negotiation of the long-term renewal contract and/or an interim
10 renewal contract that would become effective on or after February 28, 2002.

11 (c) The parties acknowledge that the Contractor asserts that it is entitled as a
12 matter of law to an interim renewal contract of longer duration than twelve (12) months, and that
13 the Contracting Officer asserts that it is under no obligation to provide the Contractor with an
14 interim renewal contract of any particular duration. Accordingly, the parties further acknowledge
15 that (i) the foregoing process represents a mutual accommodation to facilitate their joint desire to
16 proceed with the development of a long-term renewal contract in an expeditious and orderly
17 manner, (ii) they each preserve their respective rights and positions relative to the entitlement of
18 the Contractor to subsequent interim renewal contracts should they become necessary, and the
19 terms thereof, and (iii) their agreement to the process and interim renewal contract terms
20 described above is in no way intended to be, nor will it be interpreted as, a waiver of any such
21 rights or positions, all of which are and will be expressly preserved.

1 (d) The omission of language in this interim renewal contract
2 providing for conversion of this interim renewal contract, or any subsequent renewals
3 thereof, to a repayment contract, pursuant to the Act of July 2, 1956 (70 Stat. 483), shall
4 not prejudice the Contractor's right to assert a right to have such language included in
5 subsequent renewals of this interim renewal contract or to exercise such conversion, all as
6 provided by law, or to negotiate the language regarding such conversion to be included in
7 subsequent renewal contracts.

8 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

9 3. (a) Subject to the provisions set forth in Articles 11 and 12 hereof, and
10 consistent with applicable State water rights, permits and licenses, the Contractor is entitled to,
11 and the Contracting Officer shall be obligated to make available to the Contractor up to 11,200
12 acre-feet of Project Water for irrigation and/or municipal and industrial purposes during the term
13 of this interim renewal contract and the period from March 1, 2001, through February 28, 2002,
14 pursuant to a subsequent contract. The quantity of Project Water delivered to the Contractor in
15 accordance with this Article 3(a) in any Year shall be scheduled and paid for pursuant to the
16 provisions of Articles 4 and 7 hereof, and shall not exceed the quantity of Project Water the
17 Contractor intends to put to reasonable beneficial use within the Contractor's Service Area or
18 sold, transferred, or exchanged pursuant to Article 9 during the term of this interim renewal
19 contract and the period from March 1, 2001, through February 28, 2002, pursuant to a subsequent
20 contract.

1 (b) The Contractor shall utilize the Project Water made available to it pursuant
2 to this interim renewal contract in accordance with all applicable requirements of any Biological
3 Opinion addressing the execution of this interim renewal contract developed pursuant to Section
4 7 of the Endangered Species Act of 1973 as amended, and in accordance with environmental
5 documentation as may be required for specific activities, including conversion of Irrigation Water
6 to M&I Water.

7 (c) The Contractor shall make reasonable and beneficial use of Project Water
8 or other water furnished pursuant to this interim renewal contract. In addition, use of Project
9 Water in a ground-water recharge program shall be permitted under this contract to the extent
10 that it is recognized as a reasonable and beneficial use of water under California law and is
11 otherwise carried out in accordance with California law; Provided, however, That such a ground-
12 water recharge program cannot be undertaken unless and until the Contractor submits a ground-
13 water management plan pursuant to California law that demonstrates to the Contracting Officer's
14 satisfaction that such ground-water recharge will enhance the Contractor's use and management
15 of its overall water supply program will result in a reasonable and beneficial use of such water.

16 (d) If the Contracting Officer determines that Project Water, or other water
17 available to the Project, can be made available to the Contractor in addition to the quantity of
18 Project Water made available to the Contractor pursuant to subdivision (a) of this Article, the
19 Contracting Officer shall so notify the Contractor. If the Contractor requests the delivery of any
20 quantity of such water, the Contracting Officer shall make such water available to the Contractor
21 in accordance with applicable statutes, regulations, guidelines, and policies.

1 (e) If the Contractor requests permission to reschedule for use during the
2 subsequent Year some or all of the Project Water made available to the Contractor during the
3 current Year or to use, during the current Year, that quantity of Project Water the United States
4 has agreed to make available to the Contractor during the subsequent Year, the Contracting
5 Officer may permit such uses in accordance with applicable statutes, regulations, guidelines, and
6 policies.

7 (f) The Contractor's right pursuant to Federal Reclamation law and applicable
8 State law to the beneficial use of water furnished pursuant to this interim renewal contract, any
9 subsequent interim renewal contract and, as described in Article 2(a), any long-term renewal
10 contract, shall not be disturbed so long as the Contractor shall fulfill all of its obligations under
11 this interim renewal contract and any such renewal thereof. Nothing in the preceding sentence
12 shall affect the Contracting Officer's ability to impose shortages under subdivision (b) of
13 Article 12 of this interim renewal contract and the applicable provisions of any such renewal
14 thereof.

15 (g) Notwithstanding subdivisions (j) and (l) of Article 1, Project Water
16 furnished to the Contractor pursuant to this interim renewal contract may be delivered for
17 purposes other than those described in subdivisions (j) and (l) of Article 1 upon written approval
18 by the Contracting Officer in accordance with the terms and conditions of such approval.

19 TIME FOR DELIVERY OF WATER

20 4. (a) On or about February 15, of each Calendar Year, the Contracting Officer
21 shall declare the amount of Project Water estimated to be made available to the Contractor

pursuant to this interim renewal contract for the upcoming Year. The declaration will be updated monthly, as necessary, based on current hydrologic conditions. The Contracting Officer shall make available the forecast of Project operations, with relevant supporting information, upon the written request of the Contractor or its representatives. Upon written request of the Contractor, the Contracting Officer shall provide the basis of the estimate which shall include, but not be limited to, a monthly pumping forecast for the O'Neill Pumping Plant, the projected carryover of Project reservoirs, projected CVPIA impacts, projected Endangered Species Act impacts, and all other regulatory impacts.

(b) On or before each March 1, the Contractor shall submit to the Contracting Officer and at such other times as necessary, a written schedule, satisfactory to the Contracting Officer, showing the times, and the estimated quantities of Project Water and the Contractor's water rights water to be delivered by the United States to the Contractor during the upcoming Year pursuant to this interim renewal contract, and, consistent with subdivision (a) of Article 3 herein.

(c) Subject to the conditions set forth in subdivision (a), of Article 3, the United States shall deliver Project Water to the Contractor in accordance with the initial schedule submitted by the Contractor pursuant to subdivision (b) of this Article, or any revision(s) thereto submitted within a reasonable time prior to the date(s) on which the requested change(s) is/are to be implemented.

POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

1 5. (a) Project Water and the Contractor's water rights water required to be
2 delivered to the Contractor by the United States pursuant to this interim renewal contract shall be
3 made available to the Contractor at the Contractor's water treatment plant and any additional
4 point or points of delivery either on Project facilities or another location or locations mutually
5 agreed to in writing by the Contracting Officer and the Contractor.

6 (b) OMITTED

7 (c) Irrigation Water furnished to the Contractor pursuant to this interim
8 renewal contract shall be delivered by the Contractor in accordance with any applicable land
9 classification provisions of Federal Reclamation law and the associated regulations. Project
10 Water shall not be delivered to land outside the Contractor's Service Area unless approved in
11 advance by the Contracting Officer.

12 (d) All Project Water delivered to the Contractor pursuant to this interim
13 renewal contract and the Contractor's water rights water shall be measured and recorded with
14 equipment furnished, installed, operated, and maintained by the Contractor at the point or points
15 of delivery established pursuant to subdivision (a) of this Article. Upon the request of either
16 party to this interim renewal contract, the Contracting Officer shall investigate the accuracy of
17 such measurements and shall take any necessary steps to adjust any errors appearing therein.

18 (e) Solely for the purposes of accounting required by this interim renewal
19 contract, if the total amount of water delivered to the Contractor in a given day is 149 acre-feet or
20 less, all such water, not to exceed 33,000 acre feet per Calendar Year, shall be considered to be
21 the Contractor's water rights water and shall not be subject to the Rates and Charges defined in

1 this interim renewal contract except those charges provided for in Article 7(j). All water
2 delivered to the Contractor in a given day in excess of 149 acre-feet shall be considered to be
3 Delivered Water and shall be subject to the Rates and Charges provided for in Article 7 hereof.

4 (f) The Contractor shall advise the Contracting Officer on or before the 10th
5 calendar day of each month of the quantity of M&I Water taken during the preceding month.
6 daily quantities of the Contractor's water rights water and Delivered Water taken the previous
7 month at the Contractor's water treatment plant. Each category of water shall be further reported
8 according to usage as agricultural or municipal and industrial water. The total amount of
9 municipal and industrial water shall be allocated such that the amount of M&I Water bears the
10 same relationship to the total amount of municipal and industrial water as the amount of Project
11 Water bears to the total water delivered.

12 (e) Neither the United States nor any Operating Non-Federal Entity shall be
13 responsible for the control, carriage, handling, use, disposal, or distribution of Project Water
14 made available to the Contractor pursuant to this interim renewal contract beyond the delivery
15 points specified in subdivision (a) of this Article. The Contractor shall indemnify the United
16 States its officers, employees, agents, and assigns on account of damage or claim of damage of
17 any nature whatsoever for which there is legal responsibility, including property damage,
18 personal injury, or death arising out of or connected with the control, carriage, handling, use,
19 disposal, or distribution of such Project Water beyond such delivery points, except for any
20 damage or claim arising out of (i) acts performed by the United States or any of its officers,
21 employees, agents, or assigns, including any responsible Operating Non-Federal Entity, with the

1 intent of creating the situation resulting in any damage or claim, (ii) willful misconduct of the
2 United States or any of its officers, employees, agents, or assigns, including any responsible
3 Operating Non-Federal Entity, or (iii) negligence of the United States or any of its officers,
4 employees, agents, or assigns, including any responsible Operating Non-Federal Entity.

5 MEASUREMENT OF WATER WITHIN THE CONTRACTOR'S SERVICE AREA

6 6. (a) The Contractor shall ensure that, unless the Contractor has established an
7 alternative measurement program satisfactory to the Contracting Officer, all surface water
8 delivered for irrigation purposes within the Contractor's Service Area is measured at each
9 agricultural turnout and such water delivered for municipal and industrial purposes within the
10 Contractor's Service Area is measured at each municipal and industrial service connection. All
11 water measuring devices or water measuring methods of comparable effectiveness must be
12 acceptable to the Contracting Officer. The Contractor shall be responsible for installing,
13 operating, and maintaining and repairing all such measuring devices and implementing all such
14 water measuring methods at no cost to the United States. The Contractor shall use the
15 information obtained from such water measuring devices or water measuring methods to ensure
16 proper management of the water; to bill water users for water delivered by the Contractor; and, if
17 applicable, to record water delivered for municipal and industrial purposes by customer class as
18 defined in its water conservation plan. Nothing herein contained, however, shall preclude the
19 Contractor from establishing and collecting any charges, assessments, or other revenues
20 authorized by California law.

21 (b) OMITTED

1 (c) All new surface water delivery systems installed within the Contractor's
2 Service Area after the effective date of this interim renewal contract shall also comply with the
3 measurement provisions described in subdivision (a) of this Article.

4 (d) The Contractor shall inform the Contracting Officer and the State of
5 California in writing by April 30 of each Year of the monthly volume of surface water delivered
6 within the Contractor's Service Area during the previous Year.

7 RATES AND METHOD OF PAYMENT FOR WATER

8 7. (a) The Contractor shall pay the United States in monthly payments as
9 provided in this Article for the quantities of Delivered Water furnished to the Contractor pursuant
10 to this interim renewal contract. Such payments shall consist of the applicable Rates and
11 Charges determined annually in accordance with applicable Federal law and associated
12 regulations. The Rates and Charges applicable upon execution of this interim renewal contract
13 are set forth in Exhibit "A."

14 (b) The Contracting Officer shall notify the Contractor of the Rates and
15 Charges as follows:

16 (1) Prior to July 1, of each Calendar Year, the Contracting Officer
17 shall provide the Contractor the preliminary calculation of the Charges that will be applied for
18 the period October 1, of the current Calendar Year, through September 30, of the following
19 Calendar Year, and identify the statutes, regulations and guidelines used as the basis for such
20 calculations. On or before September 15, of each Calendar Year, the Contracting Officer shall
21 notify the Contractor in writing of the Charges to be in effect during the period October 1, of the

1 current Calendar Year, through September 30, of the following Calendar Year, and such
2 notification shall revise Exhibit "A."

3 (2) Prior to October 1 of each Calendar Year, the Contracting Officer
4 shall make available to the Contractor an estimate of the Rates of payment for the following Year
5 and the computations and cost allocations upon which those Rates are based. The Contractor
6 shall be allowed not less than two (2) months to review and comment on such computations and
7 cost allocations. By December 31 of each Calendar Year, the Contracting Officer shall provide
8 the Contractor with the final Rates to be in effect for the upcoming Year, and such notification
9 shall revise Exhibit "A."

10 (c) At the time the Contractor submits the initial schedule for the delivery of
11 Project Water for each Year pursuant to subdivision (b) of Article 4 of this interim renewal
12 contract, the Contractor shall pay the United States the total amount payable pursuant to the
13 applicable Rate(s) for all Project Water scheduled to be delivered pursuant to this interim
14 renewal contract during the first two (2) calendar months of the Year. Before the end of the first
15 month or part thereof of the Year, and before the end of each calendar month thereafter, the
16 Contractor shall pay pursuant to the applicable Rate(s) for all Project Water scheduled to be
17 delivered pursuant to this interim renewal contract during the second month immediately
18 following. Adjustments between the payments for the scheduled amount of Project Water and
19 the appropriate payments for quantities of Delivered Water furnished pursuant to this interim
20 renewal contract each month shall be made before the end of the following month: Provided,
21 That any revised schedule submitted by the Contractor pursuant to Article 4 which increases the

1 amount of Project Water to be delivered pursuant to this interim renewal contract during any
2 month shall be accompanied with appropriate payment for Rates to assure that Project Water is
3 not furnished to the Contractor in advance of such payment. In any month in which the quantity
4 of Delivered Water furnished to the Contractor pursuant to this interim renewal contract equals
5 the quantity of Project Water scheduled and paid for by the Contractor, no additional Project
6 Water shall be made available to the Contractor unless and until payment of Rates for such
7 additional Project Water is made. Final adjustment between the payments of Rates for the
8 Project Water scheduled and the quantities of Delivered Water furnished during each Year
9 pursuant to its contract shall be made as soon as possible but no later than April 30th of the
10 following Year.

11 (d) The Contractor shall pay all Charges owing for Delivered Water before the
12 end of the month following the month of delivery. Such amounts shall be consistent with the
13 quantities of Irrigation Water and M&I Water shown in the United States' water delivery report
14 for the subject month. The water delivery report shall be regarded by the Contractor as a bill for
15 the payment of appropriate Charges. Any monthly adjustment for overpayment or underpayment
16 of Charges shall be accomplished through the adjustment of Charges due to the United States in
17 the next month. By March 31, of each Year, the Contractor shall make any additional payment
18 of Charges it is obligated to make for Delivered Water furnished to the Contractor pursuant to
19 this interim. The amount to be paid for past due payment of Charges shall be computed pursuant
20 to Article 19 of this interim renewal contract.

1 (e) The Contractor shall pay for any Project Water provided under subdivision
2 (d) or (e) of Article 3 as determined by the Contracting Officer pursuant to applicable statutes,
3 regulations, guidelines, and policies.

4 (f) Payments to be made by the Contractor to the United States under this
5 interim renewal contract may be paid from any revenues available to the Contractor.

6 (g) Revenues received by the United States pursuant to this interim renewal
7 contract shall be allocated and applied in accordance with Federal Reclamation law, including
8 but not limited to, subsection 3 of Section 1 of the Act of July 2, 1956 (70 Stat. 483), and
9 subsection (f) of Section 3405, subsection (c)(1) of Section 3406 and subsection (d)(2)(A) of
10 Section 3407 of the CVPIA, and the associated regulations, including but not limited to, the
11 Project Irrigation Water ratesetting policy and the Project M&I ratesetting policy promulgated
12 pursuant to the Administrative Procedures Act.

13 (h) At the Contractor's request, the Contracting Officer shall provide to the
14 Contractor an accounting of all of the expenses allocated and the disposition of all revenues
15 received pursuant to this interim renewal contract in sufficient detail to allow the Contractor to
16 determine that the allocation of expenses and disposition of all revenues received was
17 accomplished in conformance with Federal Reclamation law and the associated regulations. The
18 Contracting Officer and the Contractor shall enter into good faith negotiations to resolve any
19 discrepancies or disputes arising out of said accounting of the Contractor's review thereof.

20 (i) The parties acknowledge and agree that the efficient administration of this
21 interim renewal contract is their mutual goal. Recognizing that experience has demonstrated that

1 mechanisms, policies, and procedures used for establishing Rates and Charges, and/or for making
2 and allocating payments, other than those set forth in this Article would be in the mutual best
3 interest of the parties, it is expressly agreed that the parties may enter into agreements for
4 alternative mechanisms, policies, and procedures for any of those purposes while this interim
5 renewal contract is in effect without amending this contract.

6 (j) The Contractor shall be responsible for the payment for all incremental
7 power required to pump Project Water and the Contractor's water rights water to the Contractor's
8 water treatment plant in lieu of Hinkle Reservoir. Each month, the Contracting Officer will
9 determine the quantity of said incremental power used during the preceding month and provide
10 the number of kilowatt-hours so used to the supplier of the incremental power and the
11 Contractor.

12 NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

13 8. The Contractor and the Contracting Officer concur that, at the time of execution
14 of this interim renewal contract, the Contractor has paid all of its non-interest bearing operation
15 and maintenance deficits and shall have no further liability therefor.

TRANSFERS OR EXCHANGES OF WATER

9. (a) The right to Project Water provided for in this interim renewal contract may be sold, transferred, or exchanged to others for beneficial uses within the State of California if such sale, transfer, or exchange is authorized by applicable Federal laws, State laws, and applicable guidelines or regulations then in effect. The right to sell, transfer, or exchange Project Water shall include, and the Contracting Officer shall apply this Article in a manner that does not impede or restrict, lawful short-term sales, transfers, or exchanges of the type the Contractor historically carried out with approval of the Contracting Officer under Contract No. 14-06-200-152A. No sale, transfer, or exchange of the right to Project Water under this interim renewal contract may take place without the prior written approval of the Contracting Officer.

(b) For the purpose of determining whether Section 3405 (a)(1)(M) of the CVPIA applies to the Contractor as a transferor or transferee of Project Water, the Contracting Officer acknowledges that the Contractor is within a county, watershed, or other area of origin, as those terms are utilized under California law, of water that constitutes the natural flow of the American River and its tributaries above the confluence of the American and Sacramento Rivers.

APPLICATION OF PAYMENTS AND ADJUSTMENTS

10. (a) The amount of any overpayment by the Contractor shall be applied first to any accrued indebtedness arising out of this interim renewal contract then due and payable by the Contractor. Any amount of such overpayment then remaining shall, at the option of the Contractor, be refunded to the Contractor or credited upon amounts to become due to the United States from the Contractor under the provisions hereof in the following months. With respect to

1 overpayment, such adjustment shall constitute the sole remedy of the Contractor or anyone
2 having or claiming to have the right to the use of any of the water supply provided for herein.

3 (b) All advances for miscellaneous costs incurred for work requested by the
4 Contractor pursuant to Article 24 shall be adjusted to reflect the actual costs when the work has
5 been completed. If the advances exceed the actual costs incurred, the difference will be refunded
6 to the Contractor. If the actual costs exceed the Contractor's advances, the Contractor will be
7 billed for the additional costs pursuant to Article 24.

8 TEMPORARY REDUCTIONS--RETURN FLOWS

9 11. (a) Subject to: (i) the authorized purposes and priorities of the Project; and
10 (ii) the obligations of the United States under existing contracts, or renewals thereof, providing
11 for water deliveries from the Project, the Contracting Officer shall make all reasonable efforts to
12 optimize Project Water deliveries to the Contractor as provided in the contract.

13 (b) The United States may temporarily discontinue or reduce the quantity of
14 Project Water to be delivered to the Contractor as herein provided for the purposes of
15 investigation, inspection, maintenance, repair, or replacement of any of the Project facilities or
16 any part thereof necessary for the delivery of Project Water to the Contractor, but so far as
17 feasible the Contracting Officer will give the Contractor due notice in advance of such temporary
18 discontinuance or reduction, except in case of emergency, in which case no notice need be given:
19 Provided, That the United States shall use its best efforts to avoid any discontinuance or
20 reduction in such service. Upon resumption of service after such reduction or discontinuance,
21 and if requested by the Contractor, the United States will, if possible, deliver the quantity of

1 Project Water, which would have been delivered hereunder in the absence of such discontinuance
2 or reduction: Provided, further, That with respect to any quantity of Project Water not delivered
3 after a discontinuance or reduction the Contractor shall be relieved of its scheduling and payment
4 obligations for such quantity of Project Water.

5 (c) The United States reserves the right to all seepage and return flow water
6 derived from water delivered to the Contractor hereunder which escapes or is discharged beyond
7 the Contractor's Service Area: Provided, That this shall not be construed as claiming for the
8 United States any right to seepage or return flow being put to reasonable and beneficial use
9 pursuant to this interim renewal contract within the Contractor's Service by the Contractor or
10 those claiming by, through, or under the Contractor.

11 WATER SHORTAGE AND APPORTIONMENT

12 12. (a) In its operation of the Project, the Contracting Officer will use all
13 reasonable means to guard against a condition of shortage in the quantity of Project Water to be
14 made available to the Contractor pursuant to this interim renewal contract. Insofar as
15 determined by the Contracting Officer to be practicable, the Contracting Officer will, in the event
16 a shortage appears probable, notify the Contractor of such determinations as soon as possible.

17 (b) If there is a reduction in the total Project Water supply available to the
18 Contractor during any Year because of errors in physical operations of the Project, drought, other
19 physical causes beyond the control of the Contracting Officer, or actions taken by the
20 Contracting Officer to meet legal obligations, no liability shall accrue against the United States or
21 any of its officers, agents, or employees for any damage, direct or indirect, arising therefrom, so

1 long as actions based upon the opinions or determinations of the Contracting Officer are
2 consistent with the standards in Article 18.

3 (c) In any Year in which there may occur a shortage for any of the reasons
4 specified in subdivision (b) above, the Contracting Officer shall apportion the available Project
5 Water supply among the Contractor and others entitled, under existing contracts and future
6 contracts (to the extent such future contracts are permitted under subsections (a) and (b) of
7 Section 3404 of the CVPIA) and renewals thereof, to receive Project Water consistent with the
8 contractual obligations of the United States.

9 (d) OMITTED.

10 UNAVOIDABLE GROUND-WATER PERCOLATION

11 13. The Contractor shall not be deemed to have furnished Irrigation Water to Excess
12 Lands or Ineligible Lands within the meaning of this interim renewal contract if such lands are
13 irrigated with ground water that reaches the underground strata as an unavoidable result of the
14 furnishing of Irrigation Water by the Contractor to Eligible Lands.

15 COMPLIANCE WITH FEDERAL RECLAMATION LAW

16 14. This interim renewal contract shall be implemented in accordance with all
17 applicable provisions of Federal Reclamation law, as amended and supplemented.

18 WATER AND AIR POLLUTION CONTROL

19 15. The Contractor, in carrying out this contract, shall comply with all applicable
20 water and air pollution laws and regulations of the United States and the State of California, and
21 shall obtain all required permits or licenses from the appropriate Federal, State, or local
22 authorities.

23 QUALITY OF WATER

1 16. (a) Project facilities used to make available and deliver Project Water to the
2 Contractor pursuant to this interim renewal contract shall be operated and maintained to enable
3 the United States to make available and deliver Project Water to the Contractor in accordance
4 with the water quality standards specified in subsection 2(b) of the Act of August 26, 1937 (50
5 Stat. 865), as added by Section 101 of the Act of October 27, 1986 (100 Stat. 3050), or other
6 existing Federal laws. The United States is under no obligation to construct or furnish water
7 treatment facilities to maintain or to better the quality of Project Water furnished to the
8 Contractor pursuant to this interim renewal contract. The United States does not warrant the
9 quality of Project Water made available and delivered to the Contractor pursuant to this interim
10 renewal contract.

11 (b) The operation and maintenance of Project facilities shall be performed in
12 such manner as is practicable to maintain the quality of raw water made available through such
13 facilities at the highest level reasonably attainable as determined by the Contracting Officer. The
14 Contractor shall be responsible for compliance with all State and Federal water quality standards
15 applicable to surface and subsurface agricultural drainage discharges generated through the use of
16 Federal or Contractor facilities or Project Water provided by the Contractor within the
17 Contractor's Service. This Article shall not affect or alter any legal obligations of the Secretary
18 to provide drainage services.

WATER ACQUIRED BY THE CONTRACTOR OTHER THAN
FROM THE UNITED STATES

17. Water or water rights now owned or hereafter acquired by the Contractor, other than from the United States, and Irrigation Water furnished pursuant to the terms of this interim renewal contract may be simultaneously transported through the same distribution facilities of the Contractor subject to the following: (i) if the facilities utilized for commingling Irrigation Water and non-Project water were constructed without funds made available pursuant to Federal Reclamation law, the provisions of Federal Reclamation law will be applicable only to the Landholders of lands which receive Irrigation Water; (ii) the eligibility of land to receive Irrigation Water must be established through the certification requirements as specified in the Acreage Limitation Rules and Regulations (43 CFR Part 426); (iii) the water requirements of Eligible Lands within the Contractor's Service Area can be established and the quantity of Irrigation Water to be utilized is less than or equal to the quantity necessary to irrigate such Eligible Lands; and (iv) if the facilities utilized for commingling Irrigation Water and non-Project water are constructed with funds made available pursuant to Federal Reclamation law, the non-Project water will be subject to Federal Reclamation law, until such funds have been repaid.

OPINIONS AND DETERMINATIONS

18. (a) Where the terms of this interim renewal contract provide for actions to be based upon the opinion or determination of either party to this contract, said terms shall not be construed as permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or determinations. Both parties, notwithstanding any other provisions of this contract,

1 expressly reserve the right to seek relief from and appropriate adjustment, including monetary
2 damages, for any such arbitrary, capricious, or unreasonable opinion or determination. Each
3 opinion or determination by either party shall be provided in a timely manner.

4 (b) The Contracting Officer shall have the right to make determinations
5 necessary to administer this interim renewal contract that are consistent with the expressed and
6 implied provisions of this contract, the laws of the United States and the State of California, and
7 the rules and regulations promulgated by the Secretary of the Interior. Such determinations shall
8 be made in consultation with the Contractor to the extent reasonably practicable.

9 CHARGES FOR DELINQUENT PAYMENTS

10 19. (a) The Contractor shall be subject to interest, administrative, and penalty
11 charges on delinquent installments or payments. When a payment is not received by the due
12 date, the Contractor shall pay an interest charge for each day the payment is delinquent beyond
13 the due date. When a payment becomes 60 days delinquent, the Contractor shall pay an
14 administrative charge to cover additional costs of billing and processing the delinquent payment.
15 When a payment is delinquent 90 days or more, the Contractor shall pay an additional penalty
16 charge of 6 percent per year for each day the payment is delinquent beyond the due date. Further,
17 the Contractor shall pay any fees incurred for debt collection services associated with a
18 delinquent payment.

19 (b) The interest charge rate shall be the greater of the rate prescribed quarterly
20 in the Federal Register by the Department of the Treasury for application to overdue payments, or
21 the interest rate of 0.5 percent per month prescribed by Section 6 of the Reclamation Project Act
22 of 1939 (Public Law 76-260). The interest charge rate shall be determined as of the due date and
23 remain fixed for the duration of the delinquent period.

24 (c) When a partial payment on a delinquent account amount is received, the
25 amount shall be applied, first to the penalty, second to the administrative charges, third to the
26 accrued interest, and finally to the overdue payment.

EQUAL OPPORTUNITY

20. During the performance of this contract, the Contractor agrees as follows:

(1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination, rates of payment or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this nondiscrimination clause.

(2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without discrimination because of race, color, religion, sex, or national origin.

(3) The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Contracting Officer, advising the said labor union or workers' representative of the Contractor's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) The Contractor will furnish all information and reports required by said amended Executive Order and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the Contracting Officer and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules,

1 regulations, or orders, this contract may be canceled, terminated, or suspended, in
2 whole or in part, and the Contractor may be declared ineligible for further
3 Government contracts in accordance with procedures authorized in said amended
4 Executive Order, and such other sanctions may be imposed and remedies invoked
5 as provided in said Executive Order, or by rule, regulation, or order of the
6 Secretary of Labor, or as otherwise provided by law.

7 (7) The Contractor will include the provisions of paragraphs (1)
8 through (7) in every subcontract or purchase order unless exempted by the rules,
9 regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of
10 said amended Executive Order, so that such provisions will be binding upon each
11 subcontractor or vendor. The Contractor will take such action with respect to any
12 subcontract or purchase order as may be directed by the Secretary of Labor as a
13 means of enforcing such provisions, including sanctions for noncompliance:
14 Provided, however, That in the event the Contractor becomes involved in, or is
15 threatened with, litigation with a subcontractor or vendor as a result of such
16 direction, the Contractor may request the United States to enter into such litigation
17 to protect the interests of the United States.

18 GENERAL OBLIGATION--BENEFITS
19 CONDITIONED UPON PAYMENT

20 21. (a) The obligation of the Contractor to pay the United States as provided in
21 this contract is a general obligation of the Contractor notwithstanding the manner in which the
22 obligation may be distributed among the Contractor's water users and notwithstanding the default
23 of individual water users in their obligations to the Contractor.

24 (b) The payment of charges becoming due hereunder is a condition precedent
25 to receiving benefits under this contract. The United States shall not make water available to the
26 Contractor through project facilities during any period in which the Contractor may be in arrears
27 in the advance payment of water rates due the United States. The Contractor shall not furnish
28 water made available pursuant to this contract for lands or parties which are in arrears in the
29 advance payment of water rates levied or established by the Contractor.

30 COMPLIANCE WITH CIVIL RIGHTS LAWS
31 AND REGULATIONS

32 22. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964
33 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the
34 Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights
35 laws, as well as with their respective implementing regulations and guidelines imposed by the
36 U.S. Department of the Interior and/or Bureau of Reclamation.

1 (b) These statutes require that no person in the United States shall, on the
2 grounds of race, color, national origin, handicap, or age, be excluded from participation in, be
3 denied the benefits of, or be otherwise subjected to discrimination under any program or activity
4 receiving financial assistance from the Bureau of Reclamation. By executing this contract, the
5 Contractor agrees to immediately take any measures necessary to implement this obligation,
6 including permitting officials of the United States to inspect premises, programs, and documents.

7 (c) The Contractor makes this agreement in consideration of and for the
8 purpose of obtaining any and all Federal grants, loans, contracts, property discounts, or other
9 Federal financial assistance extended after the date hereof to the Contractor by the Bureau of
10 Reclamation, including installment payments after such date on account of arrangements for
11 Federal financial assistance which were approved before such date. The Contractor recognizes
12 and agrees that such Federal assistance will be extended in reliance on the representations and
13 agreements made in this Article, and that the United States reserves the right to seek judicial
14 enforcement thereof.

15 PRIVACY ACT COMPLIANCE

16 23. (a) The Contractor shall comply with the Privacy Act of 1974 (5 U.S.C. 552a)
17 (the Act) and the Department of the Interior rules and regulations under the Act (43 CFR 2.45 et
18 seq.) in maintaining landholder acreage certification and reporting records, required to be
19 submitted to the Contractor for compliance with Sections 206 and 228 of the Reclamation
20 Reform Act of 1982 (96 Stat. 1266), and pursuant to 43 CFR 426.10.

21 (b) With respect to the application and administration of the criminal penalty
22 provisions of the Act (5 U.S.C. 552a(I)), the Contractor and the Contractor's employees
23 responsible for maintaining the certification and reporting records referenced in (a) above are
24 considered to be employees of the Department of the Interior. See 5 U.S.C. 552a(m).

25 (c) The Contracting Officer or a designated representative shall provide the
26 Contractor with current copies of the Interior Department Privacy Act regulations and the Bureau
27 of Reclamation Federal Register Privacy Act System of Records Notice (Acreage Limitation--
28 Interior, Reclamation-31) which govern the maintenance, safeguarding, and disclosure of
29 information contained in the landholder's certification and reporting records.

30 (d) The Contracting Officer shall designate a full-time employee of the Bureau
31 of Reclamation to be the System Manager who shall be responsible for making decisions on
32 denials pursuant to 43 CFR 2.61 and 2.64 amendment requests pursuant to 43 CFR 2.72. The
33 Contractor is authorized to grant requests by individuals for access to their own records.

34 (e) The Contractor shall forward promptly to the System Manager each
35 proposed denial of access under 43 CFR 2.64; and each request for amendment of records filed

1 under 43 CFR 2.71; notify the requester accordingly of such referral; and provide the System
2 Manager with information and records necessary to prepare an appropriate response to the
3 requester. These requirements do not apply to individuals seeking access to their own
4 certification and reporting forms filed with the Contractor pursuant to 43 CFR 426.10, unless the
5 requester elects to cite the Privacy Act as a basis for the request.

6 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

7 24. In addition to all other payments to be made by the Contractor pursuant to this
8 interim renewal contract, the Contractor shall pay to the United States, within sixty (60) days
9 after receipt of a bill and detailed statement submitted by the Contracting Officer to the
10 Contractor for such specific items of direct cost incurred by the United States for work requested
11 by the Contractor associated with this interim renewal contract plus a percentage of such direct
12 costs for administrative and general overhead in accordance with applicable Bureau of
13 Reclamation policy and procedures. All such amounts referred to in this Article shall not exceed
14 the amount agreed to in writing in advance by the Contractor. This Article shall not apply to
15 costs for routine contract administration.

16 WATER CONSERVATION

17 25. (a) Prior to the delivery of Project Water provided from or conveyed through
18 Federally constructed or Federally financed facilities pursuant to this interim renewal contract,
19 the Contractor shall be implementing an effective water conservation program based on the
20 Contractor's water conservation plan that has been determined by the Contracting Officer to meet
21 the conservation and efficiency criteria established under Federal law. In the event the
22 Contractor's water conservation plan has not yet been determined by the Contracting Officer to
23 meet such criteria, due to circumstances which the Contracting Officer determines are beyond the

1 control of the Contractor, Project Water deliveries shall be made under this interim renewal
2 contract so long as the Contractor diligently works with the Contracting Officer to obtain such
3 determination at the earliest practicable date, and thereafter the Contractor immediately begins
4 implementing its water conservation program in accordance with the time schedules therein. The
5 water conservation program shall contain definite water conservation objectives, appropriate
6 economically feasible water conservation measures, and time schedules for meeting those
7 objectives.

8 (b) Should the combined amount of M&I Water delivered pursuant to
9 subdivision (a) of Article 3 during the term of this interim renewal contract and the period from
10 March 1, 2001, through February 28, 2002, pursuant to any subsequent contract equal or exceed
11 2,000 acre-feet, the Contractor shall implement the Best Management Practices identified by and
12 the time frames issued by the California Urban Water Conservation Council unless any such
13 practice is determined by the Contracting Officer to be inappropriate for the Contractor.

14 (c) As part of the water conservation program, the Contractor shall develop
15 and be implementing a tiered block water pricing program that promotes conservation and the
16 efficient management of Project Water during the term of this contract. Such pricing program for
17 Project Water shall take into account all relevant circumstances, including without limitation,
18 water shortages imposed under this interim renewal contract and the availability and cost of the
19 Contractor's and individual water user's non-Project alternative sources of supply, including
20 ground water and other non-Project water supplies, so that the Contractor's pricing structure
21 provides incentives for conservation and the efficient management of overall water supply

1 available to water users served by the Contractor. Provided, That no such tiered block water
2 pricing program need be implemented by the Contractor if the Contracting Officer determines,
3 based on information provided by the Contractor, that (i) such a pricing structure will not result
4 in significant conservation of water available for use within the Contractor's service area,
5 including ground water or (ii) other pricing program, conservation or management measures are
6 more appropriate and/or will result in comparable or better conservation of the water supplies
7 available within the Contractor's service area. Provided further, If the Contractor fails to, or
8 elects not to, comply with this subdivision of Article 25, then any subsequent interim renewal
9 contract shall contain a tiered pricing contractual provision pursuant to subsection (d) of Section
10 3405 of the CVPIA.

11 (d) The Contractor shall submit to the Contracting Officer by
12 December 31, of each Calendar Year, an annual report on the status of its implementation of the
13 water conservation program.

14 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

15 26. Except as specifically provided in Articles 4, 5, 7(j), and Article 17 of this interim
16 renewal contract, the provisions of this interim renewal contract shall not be applicable to or
17 affect water or water rights now owned or hereafter acquired by the Contractor or any user of
18 such water within the Contractor's Service Area from other than the United States by the
19 Contractor. Any such water, including the Contractor's water rights water, shall not be
20 considered Project Water under this interim renewal contract. In addition, this interim renewal
21 contract shall not be construed as limiting or curtailing any rights which the Contractor or any

water user within the Contractor's Service Area/boundaries acquires or has available under any other contract pursuant to the Federal Reclamation law.

OPERATION AND MAINTENANCE BY NON-FEDERAL ENTITY

27. OMITTED

CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

28. The expenditure or advance of any money or the performance of any obligation of the United States under this contract shall be contingent upon appropriation or allotment of funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any obligations under this contract. No liability shall accrue to the United States in case funds are not appropriated or allotted.

BOOKS, RECORDS, AND REPORTS

29. The Contractor shall establish and maintain accounts and other books and records pertaining to administration of the terms and conditions of this contract, including: the Contractor's financial transactions, water supply data, and Project land and right-of-way agreements; the water users' land-use (crop census), landownership, land-leasing and water use data; and other matters that the Contracting Officer may require. Reports thereon shall be furnished to the Contracting Officer in such form and on such date or dates as the Contracting Officer may require. Subject to applicable Federal laws and regulations, each party to this contract shall have the right during office hours to examine and make copies of the other party's books and records relating to matters covered by this contract.

ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

30. (a) The provisions of this contract shall apply to and bind the successors and assigns of the parties hereto, but no assignment or transfer of this contract or any right or interest therein shall be valid until approved in writing by the Contracting Officer.

(b) The assignment of any right or interest in this interim renewal contract by either party shall not interfere with the rights or obligations of the other party to this interim renewal contract absent the written concurrence of said other party.

SEVERABILITY

1 31. In the event that a person or entity who is neither (i) a party to a Project interim
2 renewal contract, nor (ii) a person or entity that receives Project Water from a party to a Project
3 interim renewal contract, nor (iii) an association or other form of organization whose primary
4 function is to represent parties to Project interim renewal contracts, brings an action in a court of
5 competent jurisdiction challenging the legality or enforceability of a provision included in this
6 interim renewal contract and said person, entity, association, or organization obtains a final court
7 decision holding that such provision is legally invalid or unenforceable and the Contractor has
8 not intervened in that lawsuit in support of the plaintiff(s), the parties to this interim renewal
9 contract shall use their best efforts to (i) within thirty (30) days of the date of such final court
10 decision identify by mutual agreement the provisions in this interim renewal contract which must
11 be revised, and (ii) within three (3) months thereafter promptly agree on the appropriate
12 revision(s). The time periods specified above may be extended by mutual agreement of the
13 parties. Pending the completion of the actions designated above, to the extent it can do so
14 without violating any applicable provisions of law, the United States shall continue to make the
15 quantities of Project Water specified in this interim renewal contract available to the Contractor
16 pursuant to the provisions of this interim renewal contract, which were not found to be legally
17 invalid or unenforceable in the final court decision.

18 OFFICIALS NOT TO BENEFIT

19 32. No Member of or Delegate to Congress, Resident Commissioner, or official of the
20 Contractor shall benefit from this contract other than as a water user or landowner in the same
21 manner as other water users or landowners.

22 CHANGES IN CONTRACTOR'S BOUNDARIES

4

34. Any notice, demand, or request authorized or required by this contract shall be deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or delivered to Area Manager, Bureau of Reclamation, 7794 Folsom Dam Road, Folsom, California 95630-1799, and on behalf of the United States, when mailed, postage prepaid, to the Board of Directors, San Juan Water District, PO Box 2157, Granite Bay, California 95746, or delivered to Board of Directors, San Juan Water District, 9935 Auburn Folsom Road, Granite Bay, California 95746. The designation of the addressee or the address may be changed by notice given in the same manner as provided in this Article for other notices.

IN WITNESS WHEREOF, the parties hereto have executed this interim renewal
contract as of the day and year first above written.

THE UNITED STATES OF AMERICA

By: /s/ Lowell F. Ploss
Acting Regional Director, Mid-Pacific Region
Bureau of Reclamation

SAN JUAN WATER DISTRICT

(SEAL)

By: /s/ Dorothy Kilgore
President
San Juan Water District

Attest:

By: /s/ Donna L. Lohrey
Secretary
San Juan Water District

APPROVED AS TO LEGAL
FORM AND SUFFICIENCY

/s/ James E. Turner

OFFICE OF REGIONAL SOLICITOR
DEPARTMENT OF THE INTERIOR